



Iowa Department of Human Services

Terry E. Branstad
Governor

Kim Reynolds
Lt. Governor

Charles M. Palmer
Director

INFORMATIONAL LETTER NO.1171

DATE: September 19, 2012

TO: All Iowa Medicaid Participating Hospitals

ISSUED BY: Iowa Department of Human Services, Iowa Medicaid Enterprise (IME)

RE: Implementation of the Iowa Medicaid Recovery Audit Contractor (RAC)

EFFECTIVE: Immediately

During the month of September 2012, the IME will begin auditing hospitals through the Iowa Medicaid RAC audit process.

Section 6411 of the Affordable Care Act of 2010 required states and territories to establish Medicaid Recovery Audit Contractor (RAC) programs. Medicaid RACs are tasked with identifying and recovering Medicaid overpayments and identifying underpayments. The RAC audits will be ongoing.

The IME has amended the contract with the current IME Program Integrity contractor to include RAC services. The initial RAC audits will focus on medical necessity. The IME Iowa Medicaid RAC will follow the Medicare RAC process where records will be requested per hospital in 45 day review cycles. Hospitals will have 30 days to submit the requested records for the RAC audit. Records related to the RAC will be reviewed offsite and not at the IME. Hospitals must take care to send the requested records to the address listed in the RAC letters and within the required time frames. The records request letters will clearly state that the request is related to the Iowa Medicaid RAC.

As the Iowa Medicaid RAC process evolves, the IME will be analyzing other areas of risk to the Medicaid program. These areas of risk will be reviewed to determine if the RAC audits would be beneficial in maintaining the integrity of the Medicaid program. The IME will communicate with providers as areas of additional RAC audits are developed.

Provider questions should be addressed to the IME Provider Services Unit at 1-800-338-7909, locally at 515-256-4609 or by email at imeproviderservices@dhs.state.ia.us.